



AG BIOMASS COUNCIL, INC.

Residue as a Renewable Resource

March 24 2009

Honorable Mary Nichols, Chairman
California Air Resources Board
1001 "I" Street
P. O. Box 2815
Sacramento, CA 95812

Dear Chairman Nichols,

I am writing regarding the development of the Low Carbon Fuel Standard. The Ag Biomass Council is very supportive of implementing an LCFS as envisioned by Governor Schwarzenegger. One of the benefits of the proposed regulation is to increase by five-fold the amount of renewable fuels used and produced in the State. We believe this is an important and achievable goal of the LCFS. However, some features of the proposed regulation are quite troubling to farmer and rancher landowners, especially the carbon penalty assessed against biofuels for indirect land use conversion. This penalty is not based on the land used for biofuel feedstock production; rather, it is the alleged land conversion that occurs in the worldwide marketplace as a result of an increase in California biofuel production and use.

The Ag Biomass Council is dedicated to assisting farmers develop integrated biomass conversion systems becoming more self sufficient through bioenergy production. California agriculture can and should play a key role in not only providing a sustainable food supply to the United States and indeed, the world, but also meet a portion of our transportation fuel needs. As an example, corn ethanol biorefineries operating in California are the most efficient, least greenhouse gas emitting plants in the country while at the same time they produce a high value feed product for our dairy and beef industries. They also provide the platform to move expeditiously towards advanced lower carbon biofuels, something our members expect to benefit from in the near future.

We recently obtained a copy of a letter signed by over 100 scientific experts from universities and national labs across the country, including members of the National Academy of Sciences who make a compelling case for fully understanding the implications and basis for an "indirect" land use penalty against biofuels. Given the recent scientists' letter, it seems clear that there is a lack of scientific consensus and understanding in regard to "indirect" effects for all fuels and that the model being used has not been validated and tested against real world data, including yield increases over time, feed displacement from products such as distiller grains and actual market responses.

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Promulgation of the LCFS including ILUC could very well set a very dangerous precedence for further regulation of land use decisions by California farm and ranch landowners. LCFS regulation, including an ILUC emission factor could actually be construed as a significant infringement on private property rights if regulating land use and cropping patterns to reduce greenhouse gas emissions is possible in the future.

There should be no rush to judgment on such a complex and important issue. Therefore, the ABC recommends that CARB takes an additional two years to conduct a thorough analysis of the ILUC issue before deciding whether and how to incorporate it into the LCFS.

Sincerely,

Thor Bailey, President

CC: Governor Schwarzenegger

Linda Adams

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Karen Douglass

James Boyd

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